

Team Coverage

(603) 7890 8888

research.dept@apexsecurities.com.my

Recommendation:	BUY
Current Price:	RM 1.80
Previous Target Price:	RM 2.37
Target Price:	RM 2.13
Capital Upside/ Downside:	18.3%
Dividend Yield (%):	5.6%
Total Upside/ Downside:	23.9%

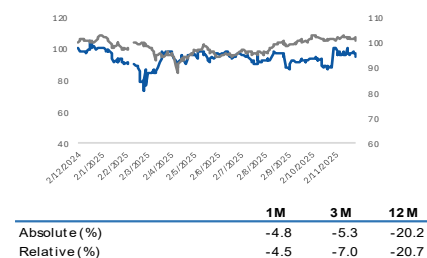
Stock Information

Board	MAIN
Sector	Consumer
Bursa / Bloomberg Code	7052 / PADMK
Syariah Compliant	Yes
ESGRating	★★★
Sharesissued (m)	986.9
Market Cap (RM' m)	1,776.4
52-Week Price Range (RM)	2.319-1.592
Beta (x)	0.6
Freefloat (%)	45.3
3M Average Volume (m)	0.6
3M Average Value (RM' m)	1.2

Top 3 Shareholders

	(%)
Yong Pong Chaun Holdings Sdn Bhd	43.7
Employees Provident Fund Board	10.7
Kumpulan Wang Persaraan Diperbadan	10.5

Share Price Performance



Earnings Summary

FYE Jun (RM m)	FY25	FY26F	FY27F
Revenue (RM'm)	1937.7	2098.1	2187.3
PATAMI (RM'm)	154.8	170.2	176.6
CNP (RM'm)	168.7	170.2	176.6
EPS - core (sen)	17.1	17.2	17.9
P/E(x)	10.5	10.4	10.1

Source: Company, Apex Securities

Padini Holdings Bhd

Below Expectations

- **PADINI reported a 1QFY26 CNP of RM21.5m (-0.9% YoY, +58.5% QoQ). The results came below expectations, accounting for 11% of our full-year forecast and 12% of consensus estimates.**
- **The Group declared a second interim dividend of 1.8 sen (ex-date: 12 Dec 2025).**
- **Seasonally stronger year-end sales expected, but near-term performance will hinge more on managing elevated staff costs.**
- **Following the earnings miss, we have lowered our FY26F and FY27F earnings forecasts by 10% to reflect more conservative sales projections.**
- **We maintain our BUY recommendation with a lower TP of RM2.13 (from RM2.37), based on a 12.3x PER applied to our FY26F EPS of 17.2 sen, ascribed with three-star ESG rating.**

Below Expectations. Excluding forex loss (+RM0.3m), provisions for inventory write-offs (+RM1.8m) and other Els, PADINI reported a 1QFY26 CNP of RM21.5m (-0.9% YoY, +58.5% QoQ). The results came below expectations, accounting for 11% of our full-year forecast and 12% of consensus estimates.

Dividend. The Group declared a second interim dividend of 1.8 sen (ex-date: 12 Dec 2025).

YoY. 1QFY26 CNP slipped 0.9% to RM21.5m as higher staff costs lifted OPEX (selling and distribution costs: +7% YoY), offsetting a 2.0% YoY sales increase. GP margin nonetheless expanded by 4%-pts YoY, likely on a more favourable product mix.

QoQ. 1QFY25 CNP rose 58.5% QoQ, supported by a 2% increase in revenue despite the absence of festive spending. GP margin also improved by 3%-pts QoQ, likely due to fewer promotions and more regular-priced sales post-festive season.

Outlook. Looking ahead, we expect sales to improve in the seasonally stronger year-end quarter, supported by Christmas and school holidays that typically lift mall footfall. Staff costs may remain elevated in the near term as wage inflation stays firm. Nevertheless, the upcoming RFID system, set to go live in FY26, should streamline inventory processes and help moderate staffing needs over time. Overall, the Group's near-term performance should hold steady but will likely hinge more on cost management than topline growth.

Earnings Revision. Following the earnings miss, we have lowered our FY26F and FY27F earnings forecasts by 10% to reflect more conservative sales projections.

Valuation & Recommendation. We maintain our **BUY** recommendation with a lower TP of **RM2.13** (from RM2.37), based on a 12.3x PER applied to our FY26F EPS of 17.2 sen. This target price incorporates a 0% ESG premium/discount, consistent with the Group's three-star ESG rating.

Risk. Forex volatility may cause short term increases in material cost and freight charges.

Results Comparison

FYE Jun (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)	Comments
Revenue	401.1	393.1	2.0	392.1	2.3	401.1	393.1	2.0	
EBITDA	82.4	53.1	55.1	66.2	24.5	82.4	53.1	55.1	
Pre-tax profit	31.2	16.3	90.9	11.1	179.7	20.4	16.3	24.8	
PATAMI	20.4	11.5	76.9	7.0	191.9	20.4	11.5	76.9	
Corenet profit	21.5	21.7	(0.9)	13.6	58.5	21.5	21.7	(0.9)	
CoreEPS (sen)	2.2	2.2	(0.9)	1.4	58.5	2.2	2.2	(0.9)	
DPS (sen)	1.8	2.5	(28.0)	1.8	-	1.8	2.5	(28.0)	
EBITDA margin (%)	20.6	13.5		16.9		20.6	13.5		
PBTmargin (%)	7.8	4.2		2.8		5.1	4.2		
CorePATMI margin (%)	5.4	5.5		3.5		5.4	5.5		

Source: Company, Apex Securities

Results Note

Monday, 01 Dec, 2025

Financial Highlights

Income Statement

FYE Jun (RM m)	FY23	FY24	FY25	FY26F	FY27F
Revenue	1822.1	1918.8	1937.7	2098.1	2187.3
Gross Profit	717.8	695.1	752.9	818.3	853.0
EBITDA	416.8	294.7	379.2	398.6	415.6
Depreciation & Amortisation	-116.1	-92.3	-163.3	-164.8	-172.3
EBIT	300.8	202.4	215.9	233.8	243.3
Net Finance Income/ (Cost)	-4.9	-5.7	-6.5	-9.9	-10.9
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	295.9	196.7	209.4	223.9	232.4
Tax	-73.2	-50.1	-54.6	-53.7	-55.8
Profit After Tax	222.7	146.6	154.8	170.2	176.6
Minority Interest	0.0	0.0	0.0	0.0	0.0
PATAMI	222.7	146.6	154.8	170.2	176.6
Exceptionals	-4.4	-5.9	-13.9	0.0	0.0
Core Net Profit	227.1	152.5	168.7	170.2	176.6

Key Ratios

FYE Jun (RM m)	FY23	FY24	FY25	FY26F	FY27F
P/E (x)	5.2	7.8	10.5	10.4	10.1
EPS	34.5	23.2	17.1	17.2	17.9
P/B (x)	1.7	1.6	1.5	1.4	1.3
EV/EBITDA (x)	2.1	3.0	3.0	3.1	3.4
DPS (sen)	11.7	12.0	8.6	10.0	10.0
Dividend Yield (%)	6.5%	6.6%	4.8%	5.6%	5.6%
EBITDA margin	22.9%	15.4%	19.6%	19.0%	19.0%
EBIT margin	16.5%	10.5%	11.1%	11.1%	11.1%
PBT margin	16.2%	10.3%	10.8%	10.7%	10.6%
PAT margin	12.2%	7.6%	8.0%	8.1%	8.1%
NP margin	12.2%	7.6%	8.0%	8.1%	8.1%
Core NP margin	12.5%	7.9%	8.7%	8.1%	8.1%
ROE	21.4%	13.2%	13.1%	13.5%	13.2%
ROA	13.4%	8.0%	7.5%	7.9%	7.8%
Net gearing	Net Cash	Net Cash	Net Cash	Net Cash	6.8%

Key Assumptions

FYE Jun (RM m)	FY25	FY26F	FY27F
Total no. of stores (Malaysia + Cambodia + Thailand)	160	165	167
Total Gross Floor Area (m sqft)	1.6	1.6	1.7
SSSG	-3.4%	5.0%	3.0%
Average revenue/store (RM m)	12.1	12.7	13.1

Valuations

Valuations	FY26F
Core EPS (RM)	0.17
P/E multiple (x)	12.3
Equity Value (RM)	2.13
ESG premium/discount	0.0%
Fair Value	2.13

Source: Company, ApexSecurities

Balance Sheet

FYE Jun (RM m)	FY23	FY24	FY25	FY26F	FY27F
Cash	602.1	791.0	756.5	777.7	689.2
Receivables	66.0	70.4	60.4	80.5	83.9
Inventories	433.2	288.2	387.2	319.3	373.7
Other current assets	0.0	33.1	0.1	0.0	0.0
Total Current Assets	1101.3	1182.8	1204.2	1177.5	1146.8
Fixed Assets	91.8	624.9	824.2	957.0	1095.4
Intangibles	3.9	3.2	3.7	3.7	3.7
Other non-current assets	465.9	18.3	19.1	19.1	19.1
Total Non-current assets	561.6	646.5	847.0	979.8	1118.1
Short-term Debt	91.3	110.3	116.1	121.9	128.0
Payables	125.2	151.6	137.9	147.7	140.3
Other Current Liabilities	27.3	7.9	12.7	2.2	2.2
Total Current Liabilities	243.8	269.8	266.7	271.8	270.4
Long-term Debt	366.9	440.1	590.7	620.2	651.3
Other non-current liabilities	12.1	8.2	9.0	9.0	9.0
Total Non-current Liabilities	379.0	448.4	599.7	629.2	660.2
Shareholder's equity	1040.1	1111.1	1184.8	1256.3	1334.3
Minority interest	0.0	0.0	0.0	0.0	0.0
Equity	1040.1	1111.1	1184.8	1256.3	1334.3

Cash Flow

FYE Jun (RM m)	FY23	FY24	FY25	FY26F	FY27F
Pre-tax profit	295.9	196.7	209.4	223.9	232.4
Depreciation & amortisation	116.1	92.3	163.3	164.8	172.3
Changes in working capital	-367.4	148.4	-111.8	47.2	-65.2
Others	-63.8	-9.5	-33.6	-53.7	-55.8
Operating cash flow	-19.2	427.8	227.3	382.2	283.7
Capex	-28.6	-55.5	-81.9	-297.7	-310.6
Others	16.8	20.1	52.8	0.0	0.0
Investing cash flow	-11.7	-35.3	-29.1	-297.7	-310.6
Dividends paid	-75.7	-75.7	-78.3	-98.7	-98.7
Others	-104.7	-128.5	-146.0	35.3	37.1
Financing cash flow	-180.3	-204.1	-224.3	-63.3	-61.6
Net cash flow	-211.3	188.4	-26.1	21.2	-88.5
Forex	4.6	0.5	-8.4	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	808.9	602.1	791.0	756.5	777.7
Ending cash	602.1	791.0	756.5	777.7	689.2

Results Note

Monday, 01 Dec, 2025

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★★	Sorona fabric is 37% plant-based, reducing reliance on fossil fuels and lowering GHG emissions. Around 120,600 apparel units were made with 100% Sorona in FY25.
Waste & Effluent	★★★★	In FY25, about 28,700kg of apparel and footwear were collected from recycle bins at 27 outlets in Malaysia.
Energy	★★★★	Since the solar system installation, 4.9gWh of clean energy has been produced, offsetting an estimated 3,714 tonnes of CO2 emissions in FY25
Water	★★★	In FY25, 10.2 megalitres of water (FY24: 10.7 megalitres) were used, a 4.7% reduction in water usage.
Compliance	★	RM32,000 penalty to PAD Malaysia due to renovation at outlets without permit in FY25.

Social

Diversity	★★★	The gender distribution of employees in Malaysia is 59% female and 41% male. There is room for improvement towards gender parity in Thailand, where female employees make up 84% and male employees 16% in FY25.
Human Rights	★★★	Zero number of substantiated complaints concerning human rights violations in FY25.
Occupational Safety and Health	★	In FY25, PAD recorded 33 minor workplace accidents in Malaysia and none in Thailand as well as Cambodia. Most incidents occurred while organising stock in stores. To reduce accidents, PAS provided better equipment, conducted training, and issued a safety memo to staff.
Labour Practices	★★★	0.32% of employees are contractors or temporary staff in FY25.

Governance

CSR Strategy	★★★	In FY25, PADINI made a positive impact through various philanthropic initiatives, donating around 1,600 cartons (26,000 pieces) of merchandise to the needy. Seventeen (17) NGOs benefited from the donations of products, cash, and in-kind support.
Management	★★	The Board currently has ten (10) members, including four (4) Independent Non-Executive Directors and four (4) Executive Directors. 30% Female and 70% Male in the Board.
Stakeholders	★★★	1x AGM per annum and 4/4 analyst briefings.

Overall ESG Scoring: ★★★

Results Note

Monday, 01 Dec, 2025

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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As of **Monday, 01 Dec, 2025**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.